



## FIRST THINGS FIRST

### Proposed Statewide Strategy Compensation and Retention Incentives

#### Summary

On October 28, 2008, a statewide strategy was proposed to the First Things First Board for building a system through which Regional Partnership Councils will be able to fund compensation and retention incentives for the early care and education workforce. Statewide grant dollars would establish an administrative home to provide oversight and implementation of a salary and retention program. This would provide the infrastructure necessary to work toward building a statewide comprehensive professional development system.

During the October Board meeting, community representatives addressed the Board regarding the barrier to quality services posed by low wages and resulting high turnover of staff. Currently, the early care and education workforce typically receives compensation below what is considered a livable wage. The median hourly salary of Arizona early care and education teachers is \$9.75 or \$20,280 annually as reported in “A Decade of Data: The Compensation and Credentials of Arizona’s Early Care and Education Workforce” (2008); the Federal poverty level is \$21, 200 for a family of four. Low wages present barriers to encouraging high-quality, well-educated, and well-trained personnel to enter the field. Additionally, lack of appropriate compensation causes a high rate of turnover among early childhood professions. In turn, young children receive lower quality care in environments where caregivers often change.

In Arizona today, many early childhood professionals would qualify for a wage enhancement based on a proposed entry level for awards. Additionally, since T.E.A.C.H. scholarships are such an integral part of our *Quality First!* system, and many regions appear to be supporting both *Quality First!* expansions as well as additional T.E.A.C.H. scholarships in their initial proposals, it is important to assure that a wage enhancement system will be ready for regions that wish to distribute compensation incentives for highly qualified teachers as well as teachers who will complete that first level of education. It is anticipated that this could potentially occur for some T.E.A.C.H. participants as early as summer 2009.

Prior to and after presentation of this strategy proposal at the October Board meeting, FTF staff conducted a research and discovery process, which included:

- Reviewing seven other state models of wage incentives
- Convening a logistic team of six stakeholders to assist with strategy recommendations
- Solicitation of public comment on the FTF website.

Based upon this discovery process, the recommendation remains that FTF develop a system that would be Arizona specific rather than adopting the national model, WAGE\$. This would allow the model to be

fully responsive at a local level without the constraints that come with purchasing a national license. In addition, the Arizona model will be able to evolve the requirements over time as the system develops. This model would include the following infrastructure components:

- Criteria for participation
- Criteria for minimum levels of education to receive an award
- Varying tiers of awards increasing as educational attainment increases

#### **Strategy Activities and Characteristics**

- The administrative home would be responsible for program marketing; distribution, review, and decision-making of applications; incentive distribution; database management; program and fiscal monitoring; and reporting activities.
- The administrative home would be chosen through an RFGA process and would require the qualifying applicant to have a statewide reputation in Early Care and Education as well as a proven ability to manage and monitor large-scale state programs.
- Incentives paid to participating individuals would address hours worked per week; length of employment; current wage earned; and continuous educational advancement.
- Requirements for participation by providers would address program certification, licensure, or other regulation; commitment by provider to monitor and verify participant employment; ages of children served; and commitment not to use wage enhancements as a substitute for annual merit or other salary increases.

#### **Funds Requested to Support Strategy**

	FY09	FY10	FY11
<b>Personnel/ERE (4 FTE)</b>	129,920	259,840	259,840
<b>Travel</b>	3,750	7,500	7,500
<b>Supplies for Personnel</b>	3,000	6,000	6,000
<b>Rent/Utilities</b>	12,500	25,000	25,000
<b>Administrative Costs/Indirect</b>	17,500	35,000	35,000
<b>Database Development</b>	100,000	-	-
<b>Database Management</b>	25,000	50,000	50,000
<b>Total</b>	<b>291,670</b>	<b>383,340</b>	<b>383,340</b>

#### **Recommendation to the Board:**

Approve the recommended amount from the Statewide Grant funds to establish an administrative home to provide oversight of an early care and education compensation and retention incentives program.